

## EARN-IN AGREEMENT EXECUTED FOR DIVESTMENT OF BLACKDOME-ELIZABETH PROJECT

- An Earn-in Agreement has been executed with Blackdome Mining Ltd for the staged divestment of the Blackdome-Elizabeth project, located in British Columbia, Canada.
- The divestment of Blackdome serves to reduce the Company's holding costs associated with the asset, enabling the Company to focus on its renewed copper and base metals strategy.
- The total cash consideration for the transaction is approximately C\$150,000 (~A\$165,000).
- Upon completion of the Earn-in, Somerset will be granted a 0.5% net smelter royalty.
- The Company continues its search for complementary base metal exploration and development assets.

Somerset Minerals Ltd ("**Somerset**" or the "**Company**") (ASX:SMM) is pleased to announce that its wholly owned subsidiary, No. 75 Corporate Ventures Ltd. ("No.75 Corp"), has entered into an Earn-In Agreement ("**Agreement**") with Blackdome Mining Ltd ("**Blackdome Mining**") for the stage divestment of the Blackdome-Elizabeth project (the "**Project**"), located in British Columbia, Canada. The staged divestment of the Project allows Somerset to prioritise its copper and base metals strategy, including the recently acquired Prescott Base Metals Project in Nunavut, Canada.

Under the terms of the Agreement, Blackdome Mining has agreed to pay Somerset a total cash consideration of C\$150,000 (~A\$165,000), comprising an initial upfront payment of C\$100,000 and a subsequent C\$50,000 on or before the second anniversary of the Agreement.

The Joint Venture Agreement grants Blackdome Mining the right to acquire up to 100% of the Company's interest in No. 75 through a three-stage Earn-In process. In the first stage, Blackdome Mining can acquire a 60% interest by paying C\$100,000 upfront, spending C\$250,000 on project expenditures, and making an additional C\$50,000 payment to the Company. The second stage allows for a further 20% interest upon another C\$250,000 expenditure, and in the final stage, Blackdome Mining can acquire the remaining 20% by funding an additional C\$500,000 expenditure.

Until the earlier of termination of the Agreement, the second earn-in completion date and the second earn-in deadline, Blackdome Mining will fund all expenditures for the Project, and after which, funding will be shared proportionally. If either party's interest in the Project falls below 10%, it will be converted to a 0.5% net smelter royalty. A full description is provided below.

**Managing Director, Chris Hansen, commented,** "*The staged divestment of the Blackdome-Elizabeth Project not only serves strengthen our financial position but also allows the Company to focus on advancing our copper and base metals strategy, including the recently acquired Prescott Base Metals Project.*"

*The staged divestment of Blackdome, in conjunction with the previously announced sale of the Valle del Tigre II mineral concession to Barrick Gold (see ASX:SMM 16/07/2024), has served to provide the Company with non-dilutive sources of funding totalling ~\$640,000, with the Barrick transaction scheduled for completion in the December quarter 2024."*

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## First Earn-In Interest (60%):

1. Blackdome Mining to acquire a 60% interest in No.75 Corp through:
  - a. An upfront payment of C\$100,000 to the Company;
  - b. Incurring C\$250,000 in Project expenditures on or before the second anniversary; and
  - c. Making an additional C\$50,000 payment to the Company on or before the second anniversary.
2. Upon satisfying these conditions, Blackdome Mining shall be deemed to have acquired the First Earn-In Interest (60%).

## Second Earn-In Interest (80%):

1. Blackdome Mining to acquire an additional 20% interest in No.75 Corp through incurring a further C\$250,000 in Project expenditures within two years of completing the First Earn-In.
2. Upon satisfying the condition, Blackdome Mining shall be deemed to have acquired the Second Earn-In Interest (80%)

## Third Earn-In Interest (up to 100%):

1. Blackdome Mining to acquire up to a final 20% interest in No.75 Corp through incurring a further C\$500,000 in Project expenditures within two years of completing the Second Earn-In.
2. Upon satisfying the condition, Blackdome Mining shall be deemed to have acquired the Third Earn-In Interest (100%).

## Funding and Free Carry Period:

Until the earlier of termination of the Agreement, the second earn-in completion date and the second earn-in deadline, following which, any additional project funding will be shared between Blackdome and the Company based on their respective interests, though either party may choose to contribute less or nothing and have its interest reduced proportionally.

## Joint Venture and Royalty

As soon as reasonably practicable following the first earn-in completion date, the Company and Blackdome Mining will enter into a joint venture agreement (**JVA**). Pursuant to the proposed terms of the JVA, if either the Company or Blackdome Mining's interest is diluted to 10% or less (**Diluted Party**) the Diluted Party will be deemed to have surrendered the remainder of its interest in the issued capital of No. 75 Corp to the other party in consideration of a 0.5% net smelter returns royalty on the gross value the sale of all minerals contained within the land comprising the Project. The royalty may be bought back at any time by the non-diluted party for the price of C\$25,000.

The Company also confirms that it has obtained confirmation from ASX that ASX Listing Rules 11.1.2, 11.1.3 and 11.2 do not apply to the sale of the Project.

This announcement is authorised by the Board of Directors.

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For further information:

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## ABOUT SOMERSET MINERALS LTD

Somerset Minerals Ltd (“Somerset”) is a growth orientated base metals and gold exploration company listed on ASX (“SMM”). Somerset is actively exploring projects located in Canada and Ecuador, including the Prescott Project in Nunavut which is interpreted to host an anticlinal repetition of the same geological formation hosting American West Metals Limited’s (ASX:AW1) Storm Copper Project<sup>1</sup> and the Blackdome-Elizabeth Project, a high-grade gold past producing project located in Southern British Columbia. Additionally, the Company holds two exploration projects located in south-east Ecuador, the Rio Zarza and the Valle del Tigre projects.

## FORWARD-LOOKING INFORMATION AND STATEMENTS

The information contained in this release is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this release, the Company has not considered the objectives, financial position or needs of any particular recipient. The information contained in this release is not a substitute for detailed investigation or analysis of any particular issue and does not purport to be all of the information that a person would need to make an assessment of the Company or its assets. Current and potential investors should seek independent advice before making any investment decisions in regard to the Company or its activities.

This announcement includes “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of the words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “guidance” and other similar expressions. Indications of, and guidance on, future earning or dividends and financial position and performance are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this document to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

This announcement is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this announcement nor anything contained in it forms the basis of any contract or commitment.

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<sup>1</sup> Refer to AW1’S ASX Announcement on 30/01/2024 - Maiden JORC MRE for Storm. There is no certainty that further work by the Company will lead to achieving the same size, shape, grade, or form of the comparison resource. The Company’s project is in a different stage of development and that further exploration needs to be undertaken to further prove or disprove any comparison.

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